

**State of California - Board of Corrections
Facilities Standards and Operations Division**

**Contract Administration
Policies and Procedures Manual for Counties
October 1999**



**Mentally Ill Offender
Crime Reduction Grant**

**600 Bercut Drive
Sacramento, California 95814-0185
www.bdcorr.ca.gov**

**STATE OF CALIFORNIA
BOARD OF CORRECTIONS
FACILITY STANDARDS AND OPERATIONS DIVISION**

**MENTALLY ILL OFFENDER
CRIME REDUCTION GRANT
(MIOCRG)**

**Contract Administration
Policy and Procedures Manual
For Counties**



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- A. Order Form (MIOCRG001)
- B. Budget/Program Modification (MIOCRG002)
- C. Contract Amendment Request (MIOCRG 003)
- D. Quarterly Financial Invoice (MIOCRG 004)
- E. Semi-Annual Progress Report (MIOCRG 005)
- F. Legislation

* All forms will be available on the Board of Corrections web site: bdcorr.ca.gov.

I. Introduction

A. Purpose of the Manual

This manual is designed to assist counties in the contractual management of their Mentally Ill Offender Crime Reduction Grant Demonstration Project. The primary focus is to assist counties once funding decisions have been made by the Board of Corrections (Board) and the county is ready to sign a contract with the Board. Policies, procedures, instructions, and forms necessary to manage the contract are also contained in this manual.

II. General Program Information

Board of Corrections

A. Purpose

Originally established in 1944 as part of the reorganization of the state prison system, the Board of Corrections' focus is now on three program areas: the Facilities Standards and Operations Division, which sets minimum standards for health care, programs, procedures, and construction of local juvenile and adult detention facilities and which administers the Mentally Ill Offender Crime Reduction Program; the Standards and Training for Corrections Division, which has statutory responsibility for establishing selection criteria and training standards for local probation and corrections officers and providing financial assistance to participating counties and cities meeting those standards; and the Corrections Planning and Programs Division which has responsibility for various grant programs administered by the Board.

B. Facilities Standards and Operations Division

The Facilities Standards and Operations Division (FSOD) is the division that is responsible for the administration of the adult Mentally Ill Offender Crime Reduction Demonstration Grant Program. In addition FSOD sets minimum standards for juvenile and adult detention facilities and assists local agencies in solving problems that would prevent them from meeting the standards. FSOD administers grant funds in ways that maximize the protection of the public while assuring safety of detention staff and offenders in local custody; reviews, analyzes, and approves jail and juvenile hall architectural plans for new facility construction; coordinates the jail and local juvenile detention facility profile surveys; and administers the Juveniles in Jails Removal/Compliance Monitoring Program. FSOD fosters collaboration and integrated approaches by engaging local communities in problem solving focused on issues of crowding, dilapidated detention facilities, and reducing the potential of liability to local government. FSOD has established and maintains a partnership in which state and

local governments as well as private sector and private/nonprofit service providers work together to achieve continued improvement in the conditions of California's local juvenile and adult detention facilities and programs.

FSOD activities include:

- engaging local juvenile and adult stakeholders in the development of programs leading to the continued improvement in the conditions and delivery of programs to local juveniles and adults;
- conducting research and evaluation on the effectiveness and delivery of programs; and
- managing special financial assistance grants for local adult and juvenile corrections to leverage limited local resources.
- engaging local juvenile and adult corrections departments in the establishment and continual reengineering of standards which lead to continued improvement in the conditions of California's local juvenile and adult detention facilities and programs;
- monitoring all local detention facilities in California biennially and providing feedback on efforts to remain in compliance with standards to the cities and counties responsible for these facilities and to the Legislature;
- providing technical assistance and training to cities and counties to allow outsourcing of facility needs assessments, planning, design, and construction of local detention facilities;
- reviewing and analyzing all architectural plans for new facility construction and remodeling to determine cost-effectiveness and standards compliance;
- providing monitoring, technical assistance, and training related to compliance with federal juvenile justice and delinquency prevention act requirements for secure detention of status offenders and separation of minors from adults; and
- collecting and reporting data, in collaboration with cities and counties, to provide a statewide profile of local jails in California.
- Administering grant funds for the development and implementation of comprehensive strategies for effectively responding to adult mentally ill offenders in the community.

III. Law

The Legislature established the Mentally Ill Offender Crime Reduction Grant Program to encourage and support the implementation of locally developed strategies for dealing with mentally ill offenders. Senate Bill 1485 (Chapter 501, Statutes of 1998) defined the program's goals and requirements. SB 2108 (Chapter 502, Statutes of 1998) provided \$27 million dollars to the State Board of Corrections (BOC) to implement and administer the program. On June 29, 1999 the Governor signed the FY 1999/2000 State Budget Act, Senate Bill 160 (Chapter 50, Statutes of 1999), which provided an additional \$27 million dollars for projects established by priority on May 20, 1999 by the Board of Corrections.

The goals of this program are to reduce the rate of crime, jail crowding and criminal justice costs associated with mentally ill offenders. The program provides planning and

demonstration grants to counties to create or expand a cost-effective continuum of responses (including prevention, intervention and incarceration) for mentally ill offenders.

SB 1485 also stipulates that grant eligibility is contingent upon a county establishing a local Strategy Committee chaired by the Sheriff or County Department of Corrections Director. At a minimum, this Committee must include the chief probation officer, the county mental health director, a superior court judge, representatives of a local law enforcement agency and mental health provider organization, and a client of a mental health treatment facility. The Strategy Committee is responsible for developing the county's local plan, which must identify the needs in the present system, the proposed goals for providing a cost-effective continuum of responses to mentally ill offenders, the roles of collaborations and/or partners in achieving those goals, and the specific outcome and performance measures for evaluating the effectiveness of the project.

In November 1998, in consultation with the State Department of Mental Health and State Department of Alcohol and Drug Programs, the BOC awarded non-competitive planning grants for the development of a Local Plan outlining their response to mentally ill offenders. In a highly competitive process a total of 40 MIOCRCR Demonstration grant applications with accompanying local plans representing the effort of 41 counties (included one regional proposal) were received by the Board of Corrections.

IV. Precontractual Requirements

It is recommended that county representatives attend Board workshops regarding the Mentally Ill Offender Crime Reduction Grant program, designed to assist counties in the development of contract documents and program implementation. It is important for county personnel to work closely with assigned Board staff throughout the precontractual process, when writing information contained in Exhibit B, and when completing other grant documents. It is also advised that a draft of Exhibit B be submitted for review prior to submittal of the final document. Specific Board staff will be assigned to counties to assist in the contract development process and throughout the implementation period.

V. Contractual Requirements

A. General

The contract between the Board and a county shall consist of the State of California standard contract requirements. In addition, the contract must include: (1) sufficient technical program, (2) project evaluation, and (3) detailed financial information to enable the Board to evaluate the counties' compliance with the project as identified in their Mentally Ill Offender Crime Reduction demonstration grant proposal, which should be submitted as Exhibit B of the contract in the form prescribed by the Board and include, but not be limited to, the following:

1. A narrative description of the project the county intends to implement, identifying the specific program components, including the number of individuals served in each program.
2. Detailed program evaluation information, including evaluation methods, outcome measures, and goals of the research.
3. The time frames regarding start-up and implementation.
4. The identification of key county project personnel including the project manager, fiscal, and program evaluation personnel.
5. Budget information including the identification of major budget objects for the entire period of the project and more detailed budget information for each of the four project years.

Four copies of the contract must be submitted, each with the original signature of the chairman of the county board of supervisors or the person authorized to sign for the county.

When the contract has been approved and processed by the state, you may submit your first invoice following the end of the first quarter of the contract period. Allow 30 days for processing time and approval.

B. Budget/Program Modifications (Appendix B)

No substantial change or modification in the project will be permitted without prior written approval from the Board. Substantial changes are those which affect the design or scope of the project; compliance with the agreed-upon program evaluation component; individual budget line item changes over ten percent (10%) of the amounts indicated for the individual line items identified in Exhibit B as the "Four Year Budget"; and other significant program delivery components addressed in the project application and as specifically identified in Exhibit B. Substantial modification requests shall be submitted to the Board upon approval by the county Project Manager. Upon receipt of a Budget/Program Modification request (Form MIOCRG002), the Board will respond to the Project Manager with its approval/disapproval within 30 days. Substantial changes shall not be implemented by the county until authorized to do so by the Board.

Minor changes, such as changes in personnel, dates and times of service delivery, and budget line item changes of up to ten percent (10%) of the individual line items identified in Exhibit B as the "Four Year Budget", may be executed by the county without prior approval from the Board.

In no event will any budget line item changes be authorized which would cause the project to exceed the amount of the grant award identified in the state Standard Agreement. Further, in no event shall line item changes be authorized for the “Administrative Overhead” line item which would cause that line item to exceed ten percent (10%) of the grant award.

All county-approved modifications must be submitted, in duplicate, to the Board for review. Notification of minor modifications must be submitted with the next regularly scheduled financial invoice.

C. Contract Amendments (Appendix C)

The contract may be amended upon agreement of both parties. Proposed contract amendments should be discussed with Board staff and must be submitted in writing in the approved format (see Appendix C).

D. Submittal of Invoices (Appendix D)

Invoices are to be submitted on the Mentally Ill Offender Crime Reduction Grant Quarterly Financial Invoice, Form MIOCRG004 (Appendix D). This form reflects matching fund expenditures as well as the total program expenses incurred during the reporting period, invoices previously submitted, and payments made. Four copies must be submitted, each with original signatures of the person preparing the report, the project financial officer, and the county project manager. The county certifies that the report is accurate and was prepared in accordance with Board of Corrections' regulations, policies, and procedures; that the report reflects actual expenditures; and that all funds were expended for the purpose of liquidating obligations legally incurred.

The quarterly financial invoice must be submitted within 45 calendar days after the end of the fiscal quarter. The due dates for the invoices are no later than:

Reporting Period	Due Date
July 1, 1999 – September 30, 1999	November 15, 1999
October 1, 1999 – December 31, 1999	February 15, 2000
January 1, 2000 – March 31, 2000	May 15, 2000
April 1, 2000 – June 30, 2000	August 15, 2000
July 1, 2000 – September 31, 2000	November 15, 2000
October 1, 2000 – December 31, 2000	February 15, 2001
January 1, 2001 – March 31, 2001	May 15, 2001
April 1, 2001 – June 30, 2001	August 15, 2001
July 1, 2001 – September 30, 2001	November 15, 2001
October 1, 2001 – December 31, 2001	February 15, 2002
January 1, 2002 – March 31, 2002	May 15, 2002
April 1, 2002 – June 30, 2002	August 15, 2002

July 1, 2002 – September 30, 2002	November 15, 2002
October 1, 2002 – December 31, 2002	February 15, 2003
January 1, 2003 – March 31, 2003	May 15, 2003
April 1, 2003 – June 30, 2003	August 15, 2003

These reports provide you with the opportunity to ensure that your fiscal records compare with our records and that actual expenditures are occurring at the anticipated rate. They provide the Board with a fiscal overview of your Mentally Ill Offender Crime Reduction Grant project on a regular basis and assist in meeting monitoring requirements of program administration.

Failure to submit the Quarterly Financial Invoice in a timely manner could result in quarterly payments being withheld. Should there be continuing issues with late or inaccurate submittal of invoices, the Board may choose to withhold funds or portions thereof. The remaining five percent (5%) of funds shall be withheld until such time as we have received all quarterly financial reports, semi-annual progress reports, final project summary report and the final audit from the county.

Eligible Project Costs:

The following costs are eligible for reimbursement by the state or can be claimed as match:

1. Salaries and benefits of county employees or public or private contract employees directly involved in the delivery of services associated with the project;
2. Services and supplies necessary to deliver services directly associated with the project;
3. In-state travel for county employees, volunteers, and student interns, in accordance with county travel policy, necessary for the success of the project ;
4. Professional or consultant services, including services provided by community-based organizations, required audits (match only) and other charges necessary for the delivery of services directly associated with the project;
5. Fixed assets, up to \$1,000 per item, that are necessary for the delivery of services directly associated with the project;
6. Lease payments for equipment, including vehicles, office space, automation and reprographic equipment, and other items necessary for the delivery of services directly associated with the project; and

7. Operational overhead, indirect and administrative costs necessary for the success of the project up to a maximum of ten percent (10%) of the total grant award. Counties using grant funds for administrative overhead must maintain documentation supporting charges to the grant for this purpose. Board staff may review the documentation during site and monitoring visits.

Ineligible Project Costs:

Examples of ineligible costs include, but are not limited, to:

1. Site acquisition and/or construction costs;
2. Fixed assets, including vehicles, computer equipment, furniture, reprographic equipment, and other items over \$1,000 per item unless a written declaration is made by the Project Manager and approved in writing by the Board that the equipment to be purchased:
 - a) is to be used for services directly associated with the project;
 - b) is essential to the success of the project;
 - c) that lease and rental options of the fixed assets have been thoroughly investigated;
 - d) that the purchase of the equipment is less expensive than leasing or renting the equipment for the four-year grant period; and
 - e) that title to any equipment purchased with state funds will vest in the state and that the equipment will be returned to the state at the end of the grant period, if requested by the Board.
3. Supplanting existing programs, projects, or personnel;
4. Personal injury compensation or damages arising out of or connected with the project, whether determined by adjudication, arbitration, negotiation, or otherwise;
5. Fines and penalties due to violation of or failure to comply with federal, state, or local laws and ordinances;
6. Any costs outside the scope of the approved project;
7. Interest on bonds or any other form of indebtedness required to finance project costs;
8. All costs incurred in violation of the terms, provisions, conditions, or commitments of this contract;

9. All costs arising out of or attributable to grantee's malfeasance, misfeasance, mismanagement, or negligence;
10. All costs arising out of or connected with contractor claims against the grantee, or those persons for whom the grantee may be vicariously liable, including, but not limited to, any and all costs related to defense or settlement of such claims;
11. Criminal justice activities that are not directly related to the approved project.
12. The use of grant funds to "buy-out" unused sick leave, vacation/administrative leave time not accrued during the grant period. Grant funds may only be used to "buy-out" any period of time an employee was assigned to the MIOCRG Program and paid with grant funds; and
13. Use of grant funds for out-of-state travel and per diem.

E. Semi-Annual Progress Reports (Appendix E)

The Grantee agrees to submit semi-annual progress reports to the Board on the appropriate documentation form (Appendix E Form MIOCRG005) during the term of this grant contract. The reports shall include, but not be limited to, a review of progress on all programs in the Grantee project, the number of individuals served in each program, major and minor project modifications during the reporting period, specific statistical data regarding program variables, and outcomes measured, including specified program evaluation data collected during the reporting period, invoices submitted, and payments made. The semi-annual reports must be submitted after the end of second and fourth fiscal quarters. The Grantee is required to submit semi-annual progress reports to the Board on the following intervals:

Reporting Period	Due Date
July 1, 1999 – December 31, 1999	March 15, 2000
January 1, 2000 – June 30, 2000	September 15, 2000
July 1, 2000 – December 31, 2000	March 15, 2001
January 1, 2001 – June 30, 2001	September 15, 2001
July 1, 2001 – December 31, 2001	March 15, 2002
January 1, 2002 – June 30, 2002	September 15, 2002
July 1, 2001 - December 31, 2002	March 15, 2003
January 1, 2003 - June 30, 2003	September 15, 2003

Your first semi-annual report should be submitted on the first due date, listed above, following approval of your contract with the Board.

These reports provide you and the Board with an overview of your Mentally Ill Offender Crime Reduction Grant project on a regular basis and assist in meeting monitoring requirements of program administration.

Failure to submit these reports in a timely manner could result in quarterly payments being withheld. Should there be continuing issues with inaccurate or late submittal of semi-annual progress reports, the Board may choose to withhold funds or portions thereof. The remaining five percent (5%) of funds shall be withheld until such time as we have received all quarterly financial reports, semi-annual progress reports, the final project summary and the final audit from the county.

F. Final Project Summary Report

The Final Project Summary Report, shall be submitted to the Board within 90 calendar days of the contract ending date. The report shall describe the finished project in detail, include program evaluation outcomes, and provide appropriate data and supporting material suitable for public distribution in a format to be determined by the Board.

Further, within 90 calendar days of the contract ending date, the county shall submit a separate report for each research program and related findings. The report shall describe the following in sufficient detail to permit replication of the research by other interested parties: 1) research subjects; 2) research design (including identification and method of assignment of research subjects); 3) nature and extent of treatment interventions (for both control and treatment groups); 4) program evaluation measures; 5) all other dependent and independent measures; and 6) data analysis procedures. The format of the reports shall include the following sections: 1) background information; 2) rationale underlying, and statement of hypotheses tested; 3) methodology; 4) results; 5) discussion; and 6) summary and conclusions.

G. Final Audit

1. **Responsibility.** Within 120 calendar days of the contract ending date, the county must obtain and submit a final audit to the Board. The audit shall be prepared in accordance with generally accepted auditing standards, government auditing standards, and under the direction of a certified public accountant or an independent county internal auditor satisfactory to the Board. If the county internal auditor performs the audit, the auditor must be organizationally independent from the county's accounting and project management functions. Counties should obtain assurances that the personnel selected to perform the audit collectively have the necessary skills. It is important that a sound procurement practice be followed when contracting for audit services. Sound contract and approval procedures, including the monitoring of contract performance, should be in place. The objectives and scope of the audit should be made clear. In addition to price, other factors to be considered include: the responsiveness of the bidder

to the request for proposal; the past experience of the bidder; availability of bidder staff with professional qualifications and technical abilities; and whether the bidder organization participates in an external quality control review program. It should also be noted that these steps are important whether the county is hiring auditors from an outside CPA firm or within its own internal auditing unit.

- a) In addition to the final audit, the Board may require a prepayment audit prior to the deposit of grant funds into a separate account to ensure that the county's accounting system meets generally accepted accounting principles.
 - b) Also, in addition to the final audit, the Board reserves the right to call for an audit at any time between the execution of the grant contract and the completion or termination of the project.
2. Retention of Records. Work papers and reports shall be retained for a minimum of three (3) years from the date of the audit report unless the auditor is notified in writing by the Board of the need to extend the retention period.
3. Audit Scope. Audits must include, at a minimum, an examination of: the systems of internal control; systems established to ensure compliance with laws and regulations affecting the expenditure of state funds; financial transactions and accounts; and the county's process for the submission of subcontractor billings as well as billings the subcontractor has submitted to the county for performance of project tasks. These examinations are to determine whether:
- a) There is effective control over and proper accounting for expenditures, assets, and liabilities;
 - b) The periodic financial statements are fairly stated in all material aspects;
 - c) State funds and county hard and/or soft match funds were expended in accordance with the terms and scope of the contract and those provisions of state law and regulations that could have a material effect on the financial statements;
 - d) State and/or matching funds were expended in accordance with the terms of the project related contracts between the county and third parties, and that the terms and scope of those third-party contracts complied with provisions of the county's contract with the Board;
 - e) In order to accomplish (c), a representative number of charges to state funds and to county match shall be tested. The test shall be representative of all cost categories in the county's contract. The test is to determine whether the charges:

- conform to any limitations or exclusions in the award of state funds;
 - included only eligible charges and did not include costs properly chargeable to other programs or accounts;
 - were properly recorded (i.e., correct amount, date) and supported by source documentation;
 - were approved in advance if they involved a modification subject to prior approval in accordance with Exhibit A, Article 12 of the MIOCRG contract Standard Conditions; and
- f) The audit shall also identify any project-related claims by or against the county pending at the time the audit is conducted.
4. Audit Certification. The audit report to the Board should contain:
- a) A description of the statements examined and the period covered; and
 - b) An opinion as to whether all audit scope criteria have been met satisfactorily by the county. If an unqualified opinion cannot be expressed, state the nature of the qualification, reservation, or exception.
5. County Specific Requirements (if appropriate). The audit report to the Board should contain any county-specific requirements not aforementioned.

VI. Record Keeping

A. Records

The county is required to establish an official file for the project. The file shall contain adequate documentation of all actions in accordance with generally accepted government accounting principles that have been taken with respect to the project.

1. The county must establish separate accounting records for receipt, deposit, and disbursement of all grant funds as specified in Exhibit A of the Board grant contract Standard Conditions and subsequent approved budget modifications and/or contract amendments.
2. The county is also required to maintain books, records, source documents and other evidence sufficient to reflect properly the amount, receipt, and disposition of all project funds, including Board grant funds and any matching funds of the county, and the total cost of the project. Supporting documentation for matching funds, goods or services shall, at a minimum, include the source of the match, the basis upon which the value of the match was calculated, and when the matching funds, goods, or services were provided. Receipts, signed by the recipient of donated goods and/or services should be issued and a copy retained. Generally-accepted government accounting principles and adequate supporting

documentation shall be maintained in such detail so as to provide an audit trail which will permit tracing transactions from the invoices to the financial statement, to the accounting records, and to the supporting documentation. All county records relevant to the project will be preserved a minimum of three (3) years after the final payment of the contract or final audit, whichever is later, and shall be subject at all reasonable times to inspection, monitoring, copying, and audit by the Board or its designee or authorized representative and the Bureau of State Audits for a period of three (3) years after final payment under the contract (Government Code Sections 10525 & 10528).

B. Accounting and Audit Requirements

All funds received by the county shall be deposited into separate fund accounts which identify the funds and clearly show the manner of their disposition. Audit and accounting procedures shall be in accordance with generally-accepted government accounting principles and practices (see Accounting Standards and Procedures for Counties, California State Controller, Division of Local Government Fiscal Affairs), and adequate supporting documentation shall be maintained in such detail so as to provide an audit trail which will permit tracing transactions from the invoices to the financial statement, to the accounting records, and to the supporting documentation. In addition to the final audit discussed previously, the Board may require a prepayment audit and interim audits.

1. Prepayment Audit: Prior to the deposit of grant funds into the separate account, the Board may require the county to have a system audit performed by an auditor.
2. Interim Audit: The Board reserves the right to call for an audit at any time between the execution of this grant contract and the completion or termination of the project.

VII. Project Monitoring

A. Programmatic

The Board staff will regularly monitor the administration of the Mentally Ill Offender Crime Reduction Grant Demonstration Projects. The purpose of this programmatic monitoring process is to assess compliance and determine that the project is operating in accordance with the approved application, contract regulations, and the law.

B. Auditing

The state may audit all of a county's accounting records that relate to the administration of the grant funds. The state will recover any improper expenditures disclosed in such audits through withholding future payments and/or repayment by the county at the discretion of the Board. Any grant funds so remitted to the Board, shall include interest equal to the rate of the State Pooled Money Investment Account.

C. Access to Project Activities, Site(s), and Records

Project site visits and monitoring, with reasonable notice, will be accomplished through on-site visits by Board staff. Access to the project activities, site(s), county project files, and contractors' records must be provided to Board staff or any authorized representative during all phases of program implementation pursuant to the contract.